



**MONTANA
ADMINISTRATIVE
REGISTER**



ISSUE NO. 1 – JANUARY 9, 2026

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**MONTANA
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OFFICE OF THE COMMISSIONER OF POLITICAL PRACTICES

NOTICE OF ADOPTION

MAR NOTICE NO. 2025-414.2

Summary

The Office of the Commissioner of Political Practices (COPP) has amended ARM 44.10.621, 44.11.202, 44.11.203, 44.11.204, and 44.11.305 pertaining to business disclosure, political committee definitions and classifications, and federally filing and nonresident political committee reports.

Previous Notice(s) and Hearing Information

On November 21, 2025, the Commissioner of Political Practices (COPP) published MAR Notice No. 2025-414.1 pertaining to the proposed amendment of the agency's rules in the 2025 Montana Administrative Register, Issue Number 22.

Final Rulemaking Action – Effective January 10, 2026

AMEND AS PROPOSED

The agency has amended the following rules as proposed:

44.10.621 BUSINESS DISCLOSURE

44.11.202 POLITICAL COMMITTEE, DEFINITION AND EXCEPTIONS

44.11.203 PRIMARY PURPOSE

44.11.305 NONRESIDENT AND FEDERALLY FILING COMMITTEES, REPORTS

AMEND WITH CHANGES

The agency has amended the following rule with the following changes from the original proposal, stricken matter interlined, new matter underlined:

44.11.204 POLITICAL COMMITTEE, CLASSIFICATION

- (1) A political committee shall be classified as a ballot issue committee, incidental committee, independent committee, or political party committee as defined in 13-1-101, MCA.
- ~~(3)~~(2) The commissioner may review a political committee's classification and may reclassify a political committee upon the basis of the statement of organization as defined in these rules. The commissioner shall notify a political committee of any reclassification.
- ~~(4)~~(3) If the commissioner, based upon the information provided on the statement of organization, is unable to determine a political committee's classification, the commissioner may request additional information regarding the political committee's primary purpose pursuant to ARM 44.11.203. If additional information is requested, a political committee shall provide the requested information within 10 business days after receipt of the request.
- ~~(5)~~(4) A political committee that is reclassified, may supply additional information and request reconsideration by the commissioner.

Authorizing statute(s): 13-37-114, MCA

Implementing statute(s): 13-37-226, MCA

Statement of Reasons

A numbering error in ARM 44.11.204 as proposed was discovered. The section numbers are being amended in this adoption notice to correct that error.

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Rule Reviewer

Scott Cook

Approval

Chris J. Gallus, Commissioner of Political Practices



**MONTANA
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DEPARTMENT OF LABOR AND INDUSTRY

NOTICE OF ADOPTION

MAR NOTICE NO. 2025-110.2

Summary

Updates to Workers' Compensation rules including removal of billing prohibition for medical status forms, implementation of House Bill 428, and annual update of the Utilization and Treatment Guidelines

Previous Notice(s) and Hearing Information

On October 10, 2025, the Department of Labor and Industry (agency) published MAR Notice No. 2025-110.1 regarding the public hearing on the proposed changes to the agency's rules, in the 2025 Montana Administrative Register, Issue No. 19.

On November 6, 2025, a public hearing was held on the proposed changes to the rules via the videoconference and telephonic platform. Comments were received by the comment deadline.

Final Rulemaking Action – Effective January 10, 2026

AMEND AS PROPOSED

The agency has amended the following rules as proposed:

24.29.1513 DOCUMENTATION REQUIREMENTS

24.29.1534 PROFESSIONAL FEE SCHEDULE

AMEND WITH CHANGES

The agency has amended the following rules with the following changes from the original proposal, stricken matter interlined, new matter underlined:

24.29.1515 FUNCTIONAL IMPROVEMENT STATUS

- (1) Functional improvement status must consist of objective medical findings of the claimant's functional status, and document the effect of interventions (positive, neutral, or negative) on functional goals. The functional improvement status can be sufficiently documented on the Medical Status Form. The Montana Utilization and Treatment Guidelines outline the standards for functional improvement.

Authorizing statute(s): 39-71-203, MCA

Implementing statute(s): 39-71-704, 39-71-1036, MCA

24.29.1611 UTILIZATION AND TREATMENT GUIDELINES

- (1) The department adopts the utilization and treatment guidelines provided by this rule to set forth the level and type of care for primary and secondary medical services. As provided by 39-71-704, MCA, there is a rebuttable presumption that the Montana Guidelines establish compensable medical treatment for primary and secondary medical services for the injured worker. The applicable utilization and treatment guidelines are available electronically on the department's website. The Montana Guidelines incorporated by reference apply as follows:
 - (a) for medical services provided on or after [the effective date of this rule adoption]: "Montana Utilization and Treatment Guidelines, 9th edition, 2025"; and
 - (b) all prior Utilization and Treatment Guidelines starting July 1, 2011, are available on the department's website or by contacting the department to request a copy.
- (2) The utilization and treatment guidelines adopted in (1) are to be read in conjunction with the Centers for Disease Control publication, "CDC Guideline for Prescribing Opioids for Chronic Pain – United States, 2022."

- (3) When providing treatment for primary and secondary medical services to an injured worker, all health care providers shall use the Montana Guidelines adopted by reference in (1).
 - (a) In cases where treatment(s) or procedure(s) are recommended by the Montana Guidelines, and treatment is provided in accordance with the guidelines, prior authorization is unnecessary unless the Montana Guidelines specify otherwise.
 - (b) The department recognizes that medical treatment may include deviations from the Montana Guidelines as individual cases dictate. The provider or interested party shall follow the procedure for prior authorization under ARM 24.29.1621 for cases in which treatments or procedures are requested that are:
 - (i) not specifically addressed or recommended by the Montana Guidelines for a body part that is covered by a guideline;
 - (ii) after maximum medical improvement; or
 - (iii) beyond the duration and frequency limits set out in the guidelines.
 - (c) An insurer is not responsible or liable for treatment(s) or procedure(s) as set out in (3)(b) unless:
 - (i) prior authorization is obtained from the insurer pursuant to 39-71-704, MCA, and in accordance with ARM 24.29.1621; or
 - (ii) the treatment(s) or procedure(s) were provided in a medical emergency.
 - (d) For those body parts not included in one of the guideline chapters, providers must apply and follow the general guideline principles that are found at the beginning of each chapter, and an insurer is liable for reasonable medical treatment.
- (4) All insurers shall routinely and regularly review claims to ensure that care is consistent with the Montana Guidelines adopted by reference in (1) and ~~(7)~~(6).
- (5) The provisions of this rule apply to medical services provided on or after July 1, 2011.
- (6) Effective April 1, 2019, the formulary adopted in ARM 24.29.1616 is considered to be a part of the Montana Guidelines.

Authorizing statute(s): 39-71-203, 39-71-704, MCA

Implementing statute(s): 39-71-704, MCA

Statement of Reasons

The agency has considered the comments and testimony received. A summary of the comments received, and the agency's responses are as follows:

Comment 1: A commenter generally supported the proposed rule amendments, specifically the removal of the billing prohibition for medical status forms. The commenter stated that medical status forms are important to record an injured worker's medical condition, job capabilities, and to aid in benefit determinations. The commenter believes that payment for the forms will help improve timeliness for form completion and help reduce delays in claim processing.

Response 1: The department acknowledges the comment.

Comment 2: A commenter generally supported the proposed rule amendments, citing support for several specific amendments. Specifically, the commenter supported the proposed removal of the billing prohibition for medical status forms, acknowledging the time and clinical expertise required to complete medical status forms accurately and promptly. The commenter also spoke in favor of the clarification of the requirements for medical status forms regarding a claimant's functional improvement status. The commenter stated that this clarification helps to ensure consistent documentation and reduces duplication.

Response 2: The department acknowledges the comment.

Comment 3: A commenter opposed the proposed rule changes removing the prohibition on medical provider charges for a medical status form in ARM 24.29.1513 et seq. The commenter argues providers will routinely charge for the forms regardless of the quality or timeliness of the information provided on the forms, and the commenter is concerned that this will affect the relationship between payers and providers. The commenter suggests that as an alternative, payers can voluntarily provide payment to providers for the medical status forms under the current rules regardless of the current prohibition on a providers' ability to charge for the form.

Response 3: The department emphasizes that under the proposed rule amendments an insurer's reimbursement to providers for completion of a medical status form is voluntary. The insurer's decision to reimburse a provider for medical status forms is based on the insurer's assessment of the completeness and usability of the information provided on the form with respect to return to work, specifically a claimant's work restrictions and modified duty. In other words, a provider's ability to charge for the forms does not automatically mean the insurer must pay for the forms, particularly if the form does not meet the statutory requirements detailed in 39-71-1036, MCA. Furthermore, the insurer's ability to reimburse providers for completed medical status forms is intended as an incentive for providers to communicate timely, accurate, and meaningful information regarding a claimant's ability to return to work. A

provider's accurate completion of a medical status form directly contributes to safe and timely return-to-work efforts that benefit the claimant, employers, and insurers.

Comment 4: A commenter argues that the proposed changes to ARM 24.29.1515 go beyond the statutory authority for the rule found in 39-71-704 and 39-71-1036, MCA, and the changes regarding medical status forms should not be adopted. The commenter argues that a claimant's functional improvement status should not be included on a medical status form because that provides more private information on the form than is allowed or required by statute, 39-71-1036, MCA. The commenter asserts the medical status form is meant to be a standardized summary of the claimant's medical status, which is not the same as a provider's detailed clinical notes. The commenter argues that the proposed changes to ARM 24.29.1515 go against the legislative intent for House Bill 428, which is intended to protect patient privacy and reduce administrative burden.

Response 4: First, the department asserts that the proposed amendments to ARM 24.29.1515 align with the intent of House Bill 428's amendments to 39-71-1036, MCA, by removing the rule language referencing a claimant's treatment plan on a medical status form. House Bill 428, 2025 Mont. Laws Chapter 428, effective October 1, 2025. House Bill 428 was intended to protect patient privacy by removing the claimant's treatment plan from the medical status form because the forms are used by employers to determine a claimant's return-to-work status and work restrictions. House Bill 428: Revising provisions related to workers' compensation; Montana Senate Business, Labor, and Economic Affairs Committee, 69th Legislative Session, March 18, 2025.

Second, a claimant's treatment plan is separate and distinct from a claimant's functional improvement status. A claimant's "treatment plan" includes detailed medical information including a diagnosis of a claimant's specific condition and details of the provider's intended treatments and goals of those treatments, as defined in ARM 24.29.1401A(32). In contrast, a claimant's "functional status" means "written information that is complete, clear, and legible, that identifies objective findings indicating the claimant's physical capabilities and provides information about the change in the status as a result of treatment," ARM 24.29.1401A(15). A claimant's functional status is intended to communicate the results of the treatment plan and whether treatment is effective; a claimant's functional status does not include a diagnosis or the treatment plan itself. Therefore, the claimant's functional improvement status can be communicated on a medical status form without detailing a claimant's treatment plan.

Finally, a claimant's functional status is effectively a provider's assessment of a claimant's current physical work abilities and work restrictions, and this information determines whether a claimant can safely return to work and whether the claimant must return to work with any restrictions. Therefore, including a claimant's functional improvement status on the medical status form, as suggested in ARM 24.29.1515, can effectively communicate the claimant's work restrictions to the claimant's employer. House Bill 428 did not change a medical status form's requirement of including "any temporary work restrictions applicable to the worker," and "any permanent work restrictions applicable to the worker," 39-71-1036(2)(f) and (g), MCA (2025).

Comment 5: A commenter suggested that the proposed amendments to ARM 24.29.1515(1) should maintain the required standard of “objective medical findings” to demonstrate a claimant’s functional status because the term is defined in statute.

Response 5: The department acknowledges the comment, and the department agrees that the standard should remain “objective medical findings,” as defined in statute, 39-71-116(22), MCA, and administrative rule, ARM 24.29.1401A(23).

An incorrect internal cross reference in ARM 24.29.1611(4) as proposed was discovered and is being corrected in this adoption notice.

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Rule Reviewer

Quinlan L. O'Connor

Approval

Sarah Swanson, Commissioner



**MONTANA
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DEPARTMENT OF LABOR AND INDUSTRY

NOTICE OF ADOPTION

MAR NOTICE NO. 2025-149.2

Summary

Implementation of Senate Bill 518 and House Bills 246 and 336 - Transition of emergency care providers from a board to a program

Previous Notice(s) and Hearing Information

On November 7, 2025, the Department of Labor and Industry (agency) published MAR Notice No. 2025-149.1 regarding the public hearing on the proposed changes to the agency's rules, in the 2025 Montana Administrative Register, Issue No. 21.

On December 1, 2025, a public hearing was held on the proposed changes to the rules via the videoconference and telephonic platform. Comments were received by the comment deadline.

Final Rulemaking Action – Effective January 10, 2026

ADOPT AS PROPOSED

The agency has adopted the following rules as proposed:

NEW RULE 1 (24.112.419) APPLICANTS WITH CRIMINAL CONVICTIONS

NEW RULE 2 (24.112.403) FEE SCHEDULE

NEW RULE 3 (24.112.511) LICENSURE BY APPRENTICESHIP

NEW RULE 4 (24.112.450) MANAGEMENT OF INFECTIOUS WASTES

NEW RULE 5 (24.112.410) MEDICAL DIRECTOR

NEW RULE 6 (24.112.405) SUBSTANTIAL EQUIVALENCY

NEW RULE 7 (24.112.2301) UNPROFESSIONAL CONDUCT

TRANSFER AND AMEND AS PROPOSED

The agency has transferred and amended the following rules as proposed:

24.156.2701 (24.112.401) DEFINITIONS

24.156.2711 (24.112.501) ECP LICENSURE QUALIFICATIONS

24.156.2718 (24.112.2101) CONTINUED COMPETENCY REQUIREMENTS

24.156.2719 (24.112.508) EXPIRED LICENSE

24.156.2720 (24.112.503) ECP TRAINING COURSES

24.156.2751 (24.112.504) LEVELS OF ECP LICENSURE INCLUDING ENDORSEMENTS

24.156.2752 (24.112.505) ECP ENDORSEMENT APPLICATION

24.156.2753 (24.112.506) CIHC ENDORSEMENT

24.156.2761 (24.112.507) PROCEDURES FOR REVISION OF MONTANA ECP SCOPE OF PRACTICE DOCUMENT

24.156.2771 (24.112.502) ECP SCOPE OF PRACTICE

Statement of Reasons

The agency has considered the comments and testimony received. A summary of the comments received, and the agency's responses are as follows:

Comment 1: A commenter noted that education-related sections are being moved in the rule changes and asks how educational programs are currently monitored to ensure they meet established standards, including proper medical direction and lead-instructor oversight. The commenter questioned whether the Lead Instructor Endorsement course will be updated, since it no longer reflects current practices. Finally, the commenter suggested considering a shift of education oversight to the Department of Public Health and Human Services.

Response 1: The department thanks the commenter for their comments. The requirements for education courses are amended and transferred from the Board of Medical Examiners to the

department without any substantive changes. Oversight of educational programs is outside the scope of this rulemaking project, and the Board of Medical Examiners is proposing to retain its existing rule on medical direction. Updating the Lead Instructor Endorsement course is outside the scope of this rulemaking project. Likewise, shifting education oversight to the Department of Public Health and Human Services requires legislative action and is beyond the department's authority.

Comment 2: A commenter expressed support for the transition of the rules and stated that the rules should effectively function the same under a department program as they did under the Board of Medical Examiners.

Response 2: The department appreciates all comments.

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Rule Reviewer

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Approval

Sarah Swanson, Commissioner



**MONTANA
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DEPARTMENT OF LABOR AND INDUSTRY

NOTICE OF ADOPTION

MAR NOTICE NO. 2025-238.2

Summary

Amending license renewals for boards and programs

Previous Notice(s) and Hearing Information

On November 21, 2025, the Department of Labor and Industry (agency) published MAR Notice No. 2025-238.1 regarding the public hearing on the proposed changes to the agency's rules, in the 2025 Montana Administrative Register, Issue No. 22.

On December 15, 2025, a public hearing was held on the proposed changes to the rules via the videoconference and telephonic platform. No comments were received by the comment deadline.

Final Rulemaking Action – Effective January 10, 2026

AMEND AS PROPOSED

The agency has amended the following rule as proposed:

24.101.413 RENEWAL DATES AND REQUIREMENTS

Statement of Reasons

No comments were received.

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Rule Reviewer

Quinlan L. O'Connor

Approval

Sarah Swanson, Commissioner



**MONTANA
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DEPARTMENT OF LABOR AND INDUSTRY

NOTICE OF ADOPTION

MAR NOTICE NO. 2025-239.2

Summary

Revising professional employer organization rules

Previous Notice(s) and Hearing Information

On November 7, 2025, the Department of Labor and Industry (agency) published MAR Notice No. 2025-239.1 regarding the public hearing on the proposed changes to the agency's rules, in the 2025 Montana Administrative Register, Issue No. 21.

On November 28, 2025, a public hearing was held on the proposed changes to the rules via the videoconference and telephonic platform. Comments were received by the comment deadline.

Final Rulemaking Action – Effective January 10, 2026

ADOPT AS PROPOSED

The agency has adopted the following rule as proposed:

NEW RULE 1 (24.38.107) QUARTERLY FILINGS

AMEND AS PROPOSED

The agency has amended the following rules as proposed:

24.38.101 NEW APPLICATIONS - DENIALS

24.38.105 RENEWAL APPLICATIONS - DENIALS

24.38.111 SUSPENSION, REVOCATION, NONRENEWAL - APPEAL - IMMEDIATE CESSATION OF OPERATIONS

24.38.125 PROFESSIONAL EMPLOYER ORGANIZATIONS

Statement of Reasons

The agency has considered the comments and testimony received. A summary of the comments received, and the agency's responses are as follows:

Comment 1: A commenter stated that revisions to the rules struck an important balance between efficiency and transparency, and would reduce uncertainty for PEOs. The commenter also supported changes to the rules permitting reduction of paperwork for those accredited by ESAC.

Response 1: The comments are noted and appreciated.

Comment 2: A commenter stated support for the paperwork reductions provided by these rule amendments.

Response 2: The comment is noted and appreciated.

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Rule Reviewer

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Approval

Sarah Swanson, Commissioner



**MONTANA
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DEPARTMENT OF LABOR AND INDUSTRY

NOTICE OF ADOPTION

MAR NOTICE NO. 2025-473.2

Summary

Repeal of ARM Title 24, chapter 5 pertaining to the Workers' Compensation Court

Previous Notice(s) and Hearing Information

On November 21, 2025, the Department of Labor and Industry (agency) published MAR Notice No. 2025-473.1 regarding the public hearing on the proposed changes to the agency's rules, in the 2025 Montana Administrative Register, Issue No. 22.

On December 16, 2025, a public hearing was held on the proposed changes to the rules via the videoconference and telephonic platform. No comments were received by the comment deadline.

Final Rulemaking Action – Effective January 10, 2026

REPEAL

The agency has repealed the following rules as proposed:

24.5.101 ORGANIZATIONAL RULE

24.5.301 PETITION FOR TRIAL

24.5.302 RESPONSE TO PETITION

24.5.303 SERVICE AND FILING

24.5.305 NATURE OF RULES

24.5.306 BREVITY IN PLEADINGS AND FORM OF PAPER PRESENTED FOR FILING

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24.5.352 REFERENCE TO MONTANA RULES OF CIVIL PROCEDURE

24.5.353 WITHDRAWAL OF ATTORNEY

24.5.360 REVIEW

Statement of Reasons

No comments were received.

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Rule Reviewer

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Approval

Sarah Swanson, Commissioner



MONTANA
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DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

NOTICE OF ADOPTION

MAR NOTICE NO. 2025-152.2

Summary

Amendment of ARM 37.27.902, 37.85.104, 37.85.105, 37.85.106, 37.82.206, 37.86.1006, 37.86.3607, and 37.88.101 pertaining to updating Medicaid and non-Medicaid provider rates, fee schedules, and effective dates

Previous Notice(s) and Hearing Information

On October 10, 2025, the Department of Public Health and Human Services published MAR Notice No. 2025-152.1 pertaining to the public hearing on the proposed amendment of the above-stated rules in the 2025 Montana Administrative Register, Issue Number 19.

A hearing was held on October 31, 2025.

Final Rulemaking Action – The department intends to apply the rule amendments retroactively to July 1, 2025.

AMEND AS PROPOSED

The agency has amended the following rules as proposed:

37.27.902 SUBSTANCE USE DISORDER SERVICES: AUTHORIZATION REQUIREMENTS

37.85.104 EFFECTIVE DATES OF PROVIDER FEE SCHEDULES FOR MONTANA NON-MEDICAID SERVICES

37.85.105 EFFECTIVE DATES, CONVERSION FACTORS, POLICY ADJUSTERS, AND COST-TO-CHARGE RATIOS OF MONTANA MEDICAID PROVIDER FEE SCHEDULES

37.85.106 MEDICAID BEHAVIORAL HEALTH TARGETED CASE MANAGEMENT FEE SCHEDULE

37.85.206 SERVICES PROVIDED

37.86.1006 DENTAL SERVICES, COVERED PROCEDURES

37.86.3607 CASE MANAGEMENT SERVICES FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, REIMBURSEMENT

37.88.101 MEDICAID MENTAL HEALTH SERVICES FOR ADULTS, AUTHORIZATION REQUIREMENTS

Statement of Reasons

COMMENT #1: One commenter expressed concerns that the department fails to comply with the legislative appropriations and applicable law. The commenter cited a statute in Title 37, MCA, and asserted that optometrists should be reimbursed equal to the amount paid to medical doctors and doctors of osteopathy, whose reimbursement the Montana Legislature has directed to be paid pursuant to 53-6-125, MCA.

RESPONSE #1: This assertion is the subject of a lawsuit filed in state district court and will be resolved through that process.

COMMENT #2: One commenter expressed concern that the department failed to comply with the updated HCPCS coding by revising Level II HCPCS code descriptions and separating transanal irrigation system from catheters, effective April 1, 2025, per CMS which also updated LCD L36267 and Policy Article A54516, solidifying Medicare coverage for transanal irrigation.

RESPONSE #2: The department agrees and has updated the description of both codes, which will be posted with the July 1, 2025, fee schedule.

COMMENT #3: One commenter recommended HCPCS A4453 and A4459, maintaining rates consistent with the previous methodology, based on MSRP or historical payment levels, rather than the new Medicare rates.

RESPONSE #3: For covered Durable Medical Equipment, Prosthetics, Orthotics, and Supplies that have established Medicare rates, the department reimburses 100% of the Medicare rate. This methodology ensures the department is in compliance with the federal financial participation limits for Durable Medical Equipment.

COMMENT #4: One commenter expressed support and appreciation regarding the rulemaking.

RESPONSE #4: The department appreciates the comment.

COMMENT #5: One commenter stated that peer support and case management are usually in alignment concerning reimbursement rates; however, peer support is now lower than both

case management and tenancy support services. The commenter also stated that peer support requires training supervision and certification and should be reimbursed at a higher rate than case management or tenancy services. The commenter suggested that if peer support is not reimbursed at a higher rate compared to case management, it should be reimbursed at the same rate as case management services.

RESPONSE #5: The department agrees the rates should be aligned, and fee schedules will be adjusted accordingly.

COMMENT #6: One commenter expressed that Tenancy Support Services are excluded when an individual is engaged in residential care including ASAM 3.1, 3.3, 3.5, or 3.7. Excluding these settings, which arguably serve the neediest individuals, does a disservice to the people it is meant to help. If someone is homeless and desires to be released from a residential setting into their own housing, under the current rules they are required to release and then wait for prior approval before engaging in tenancy support services. The commenter stated that, concerning ASAM 3.1 and 3.3, generally stable individuals would be expected to become unhoused so they can qualify for the assistance. The department should consider a period in which individuals can begin working with a tenancy support specialist and receive application fee assistance and deposit assistance so the individuals can leave residential or hospital settings and enter into a stable living arrangement.

RESPONSE #6: The department acknowledges receipt of this comment, which is outside the scope of this rulemaking. The department recognizes that providers and partner agencies have invaluable knowledge and experience regarding the delivery of services. This comment addresses service requirements, which are outside the scope of the rulemaking.

COMMENT #7: One commenter expressed significant concern regarding the proposed Medicaid reimbursement rates for psychologists that are set to take effect in July 2025. Montana already faces a significant shortage of psychologists willing to accept insurance of any kind, and far fewer who accept Medicaid. Patients frequently experience waitlists stretching months to years for diagnostic evaluation services, which are often necessary to accessing certain supports and interventions. The commenter urges the department to reconsider the rates for psychological and neuropsychological testing and evaluation codes so that providers can continue to serve Medicaid populations and help address the critical provider shortage. The codes in question are 90785, 90791, 96116, 96121, 96130, 96131, 96132, 96133, 96136, and 96137.

RESPONSE #7: The department thanks the commenter for this comment. The psychological and neuropsychological testing codes identified are reimbursed under the RBRVS fee schedule. These rates were developed through the department's recent rate study using the standardized RBRVS methodology. To maintain consistency across the fee schedule, the department is unable to adjust these individual code rates at this time.

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Rule Reviewer

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Approval

Charles T. Brereton, Director
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**MONTANA
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DEPARTMENT OF REVENUE

NOTICE OF ADOPTION

MAR NOTICE NO. 2025-430.2

Summary

Adoption of NEW RULES 1 through 4 to Implement Property Tax Relief Legislation Enacted by the 69th Montana Legislature

Previous Notice(s) and Hearing Information

On November 7, 2025, the Department of Revenue published MAR Notice No. 2025-430.1 pertaining to the proposed adoption of the above-stated rules in the 2025 Montana Administrative Register, Issue Number 21.

On December 1, 2025, the department held a public hearing to consider the proposed adoption. The following persons appeared and provided oral testimony to the proposed rulemaking: Jim and Lois Syth, Eric Bryson, Art and Nell Mangels, Sen. Mary Ann Dunwell (SD 42), Bob Story, Executive Director, Montana Taxpayers Association (MTA), Terry Screnar, Paul Fugelvand, and Connie Fitzpatrick. There were also persons present at the public hearing who observed but did not provide any oral testimony.

The department also received written comments from Tyler R. Gernant, Clerk and Treasurer for Missoula County, Bob Story (MTA), Mike Rossi, CPA, Eric Bryson, and 27 Montana property owners.

Final Rulemaking Action – Effective January 10, 2026

ADOPT AS PROPOSED

The agency has adopted the following rules as proposed:

NEW RULE 1 (42.19.203) DEFINITIONS

NEW RULE 2 (42.19.204) REDUCED TAX RATE APPLICATION PROCESS; DETERMINATIONS; APPEAL RIGHTS; AND PROGRAM COMPLIANCE

ADOPT WITH CHANGES

NEW RULE 3 (42.19.205) ADMINISTRATION OF REDUCED TAX RATES

The department corrected a minor punctuation error in ARM 42.19.205(8)(c)(iii) where the informational example describing Multifamily Dwelling Improvements Value contained a dash (-) and colon (:). Since consistent punctuation for the rule is a colon, the dash in the proposed text has been removed.

The agency has adopted the following rule with the following changes from the original proposal, stricken matter interlined, new matter underlined:

NEW RULE 4 (42.19.206) DETERMINING EFFECTIVE TAX RATES (ETR) FOR QUALIFYING CLASS FOUR PROPERTY

- (1) There is a graduated property tax rate reduction for class four property that also qualifies for the reduced tax rates provided in 15-6-134, MCA. For purposes of this rule, the term “qualifying property” or “property” will be used to describe this class four property.
- (2) To implement the reduced tax rates described in (1), the department will determine an ETR for each qualifying property. An ETR is determined by calculating the taxable value for each graduated tier of eligible market value and adding the respective taxable values from each tier to arrive at a total eligible taxable value; then dividing the total eligible taxable value by the total eligible market value of the qualifying property.
- (3) If a qualifying property is enrolled in the statutory property tax assistance program (PTAP), a PTAP ETR will be calculated for the portion of the property’s PTAP benefit by applying the respective rate reduction multiplier to the tiered tax rates first. Any portion of the property’s value not eligible to receive the PTAP benefit will have a separate ETR calculated without any rate reductions applied.
- (4) A qualifying property receiving a partial exemption under Montana law will have an ETR calculated for only the non-exempt portion of the property’s value.
- (5) A qualifying property receiving an abatement (such as a new or expanding industry (NEI) abatement) will have an ETR calculated for it as if it were fully taxable. Any reduction from the abatement will be applied to the overall ETR and used to determine the taxable value for the portion of value eligible to receive the abatement.

- (6) The department will compute all ETR percentages out to the third decimal place, but the final rate will be rounded to two decimal places to achieve consistency with all statutory and rule expressions of tax rates and historical practice.
- (a) If the third decimal place is fewer than five, the second decimal place will be kept;
 - (b) If the third decimal place is equal to or greater than five, the second decimal place will round up.
- (7) A rounded ETR will be applied against the market value for each qualifying property to calculate the property's taxable value.
- (8) The following are examples of the ETR calculation and rounding processes described in this rule:
- (a) A qualifying residential property has a market value of \$750,000. A graduated tax rate of .76% applies to the first \$378,000 of market value and a graduated tax rate of .9% applies to the remaining \$372,000.

Taxable Value = ($\$378,000 \times 0.0076$) = \$2,873

Taxable Value = ($\$372,000 \times 0.009$) = \$3,348

Total Taxable Value = \$2,873 + \$3,348 = \$6,221

ETR = Total Taxable Value / Total Market Value

ETR = $\$6,221 / \$750,000 = .829\%$

Rounded ETR = .83%
 - (b) A qualifying commercial property has a market value of \$3,000,000. A graduated tax rate of 1.5% applies to the first \$2,274,000 of market value and a graduated tax rate of 1.9% applies to the remaining \$726,000.

Taxable Value = ($\$2,274,000 \times 0.015$) = \$34,110

Taxable Value = ($\$726,000 \times 0.019$) = \$13,794

Total Taxable Value = \$34,110 + \$13,794 = \$47,904

ETR = Total Taxable Value / Total Market Value

ETR = $\$47,904 / \$3,000,000 = 1.596\%$

Rounded ETR = 1.6%
 - (c) A qualifying residential property receives the PTAP benefit at an 80% reduction and is valued at \$618,000. The first \$418,000 in value is eligible to receive the 80% reduction for PTAP.

Taxable Value = ($.76\% \times .2$) = ($.15\% \times \$378,000$) = \$567

$$\text{Taxable Value} = (.9\% * .2) = (.18\% * \$40,000) = \$72$$

$$\text{PTAP Taxable Value} = 567 + 72 = 639$$

$$\text{PTAP Effective Tax Rate} = \frac{655.639}{\$418,000} = .152\%$$

$$\text{Rounded Effective Tax Rate for PTAP Value} = .15\%$$

$$\text{Taxable Value} = (.9\% * \$200,000) = \$1,800$$

$$\text{Effective Tax Rate for Non-PTAP Value} = .9\%$$

- (d) A qualifying commercial property has a market value of \$4,000,000 and is receiving a partial nonprofit healthcare exemption on \$1,000,000 of property value. The \$1,000,000 in value that is exempt will be subtracted from the total value of \$4,000,000, leaving \$3,000,000 in taxable market value. A graduated tax rate of 1.5% applies to the first \$2,274,000 of taxable market value and a graduated tax rate of 1.9% applies to the remaining \$726,000.

$$\text{Taxable Value} = (\$2,274,000 * 0.015) = \$34,110$$

$$\text{Taxable Value} = (\$726,000 * 0.019) = \$13,794$$

$$\text{Total Taxable Value} = \$34,110 + \$13,794 = \$47,904$$

$$\text{ETR} = \text{Total Taxable Value} / \text{Total Market Value}$$

$$\text{ETR} = \$47,904 / \$3,000,000 = 1.596\%$$

$$\text{Rounded ETR} = 1.6\%$$

- (e) A qualifying commercial property has a market value of \$3,000,000 and is receiving a 50% NEI abatement on \$1,000,000 of market value. A graduated tax rate of 1.5% applies to the first \$2,274,000 of market value and a graduated tax rate of 1.9% applies to the remaining \$726,000 to calculate an overall ETR. The NEI abatement reduction is then applied to the overall ETR for the \$1,000,000 in market value receiving the abatement.

$$\text{Taxable Value} = (\$2,274,000 * 0.015) = \$34,110$$

$$\text{Taxable Value} = (\$726,000 * 0.019) = \$13,794$$

$$\text{Total Taxable Value} = \$34,110 + \$13,794 = \$47,904$$

$$\text{ETR} = \text{Total Taxable Value} / \text{Total Market Value}$$

$$\text{ETR} = \$47,904 / \$3,000,000 = 1.596\%$$

$$\text{Rounded ETR} = 1.6\%$$

$$\text{NEI Abatement} (1.6\% * 50\% = .8\%)$$

$$\text{Abated Taxable Value} = (\$1,000,000 * .008) = \$8,000$$

$$\text{Non-Abated Taxable Value} = (\$2,000,000 * .016) = \$32,000$$

Authorizing statute(s): 15-1-201, 15-6-425, MCA

Implementing statute(s): 15-1-201, 15-6-134, 15-6-402, 15-6-405, 15-6-411, 15-6-415, MCA

Statement of Reasons

The department has thoroughly considered the comments and testimony received. A summary of the comments received and the department's responses are as follows:

COMMENT 1: The department received testimony during the public hearing and several written comments in opposition to the amended property tax rates for non-principal residences (i.e., second homes/cabins) enacted under House Bill 231 (HB 231) and Senate Bill 542 (SB 542). The commenters said they would experience significant increases in their property taxes and financial hardship based on increases in valuation of their property together with the increased second home tax rate of 1.9% in 2026. Commenters requested that the department explore additional tax relief options or, alternatively, adopt a policy that would exempt longtime resident family-owned properties (a/k/a “legacy properties”) from the normal residential property tax rate of 1.9%.

Mr. Rossi commented like others about the tax policy enacted by the legislature but the observations are based on his expertise and client advocacy in tax matters as a certified public accountant.

RESPONSE 1: The department empathizes with the property owners’ testimony and the comments received. However, the issues raised pertain to the tax policy of the underlying legislation.

The legislature granted rulemaking authority to the department under SB 542 to implement and administer the reduced tax rates. However, that rulemaking authority does not authorize the department to create additional exceptions or tax exemptions for properties that do not qualify for the reduced rates. What the commenters request is a change in the law that can only be resolved by the legislature.

Notwithstanding, the department will report on property owner testimony and the comments received for this rulemaking to the legislature’s Revenue Interim Committee.

COMMENT 2: The department received several written questions and questions at the public hearing about how the reduced tax rates apply to their specific property ownership situations.

RESPONSE 2: Many examples of property ownership uses are provided in NEW RULE 3 and are available as frequently asked questions (FAQs) on the department's web page at homestead.mt.gov. For any questions that require additional consideration, the department encourages property owners to contact us at <https://revenue.mt.gov/contact> or through any regional or area department office.

Unfortunately, news stories regarding the proposed rulemaking confused property owners who believed the rulemaking and the public hearing were an opportunity to request changes to the tax policy enacted under HB 231 and SB 542. Department representatives answered as many questions as they could during this rulemaking and at the December 1 public hearing, while preserving the purpose of the proceedings. As described in Response 1, the department cannot provide the relief the commenters seek but reiterates its willingness to report to the Revenue Interim Committee.

COMMENT 3: Tyler Gernant, Clerk and Treasurer for Missoula County, commented that the department's task in implementing SB 542 is an extremely difficult one, if not impossible. He believes the legislature intentionally left important parts of that law vague in the hopes that the department would provide the necessary specificity.

Mr. Gernant strongly believes that public trust and confidence in the property tax system relies on fairness, equity, and simplicity. The ability to understand property taxes is essential to having faith in the system.

RESPONSE 3: The department appreciates Mr. Gernant's comments and agrees that the implementation of SB 542 is challenging. The department is promulgating rules that are consistent with SB 542 and reasonably necessary to effectuate the bill's purpose without engrafting any additional and contradictory requirements to the laws created or amended under SB 542.

The department also agrees with Mr. Gernant that public trust and confidence in the property tax system rely on fairness, equity, and simplicity. The legislature's property tax policy is enacted in statute, and the department implements that policy. The department can neither set policy, exceed the authority delegated to it by the legislature, nor promulgate rules that are inconsistent with the law.

COMMENT 4: Mr. Gernant expressed his concerns in both the language of SB 542 and the language of the proposed rules regarding the definition of a long-term rental. He believes the statute itself leaves critical terms undefined and the proposed rule does nothing to clarify them. As a result, the rule relies almost entirely on self-reporting and self-interpretation by property owners, creating a high likelihood of unequal treatment for properties that are used in the same way.

RESPONSE 4: Generally, the department directs Mr. Gernant to Responses 1 and 3. Based on the plain language of sections 5 through 7 of SB 542, the department concludes that the

legislature meant for a simple application and approval process which relies on a property owner's prospective declarations of ownership, eligibility, and use of the property to enroll for either of the reduced tax rates.

Property owners who enroll their qualifying property into either reduced rate and meet the respective requirements for those reduced rates will receive the reduced rates. To this end, the department disagrees that there is a high likelihood of unequal treatment for properties that are used in the same way because the legislature has created distinct uses that qualify a property for a reduced rate. Property owners who use their property in accordance with the requirements to qualify for either reduced rate under SB 542 will have a different tax rate than people who use their property in a way that does not qualify for a reduced rate under SB 542.

The legislature provided an informal review process in SB 542, section 9, which indicates equity of treatment of property owners as aggrieved applicant(s), and penalties in section 8 for false or fraudulent applications should the department determine that in the review of an application for the reduced tax rates.

COMMENT 5: Mr. Gernant believes SB 542 and the rules are too vague to be applied consistently including a statutory definition of "long-term rental" that leaves key terms undefined; an under-explained concept of property that "supports" improvements that are classified in a particular way that is imported from a different statutory context without meaningful standards; and a rule that adds almost no clarifying substance and instead relies on self-reporting by owners and ad hoc interpretation by department staff.

RESPONSE 5: Generally, the department directs Mr. Gernant to Response 4. Section 5(2) of SB 542 defines "long-term rental" with enough specificity for the department to administer the reduced rental rate.

Addressing improvements that directly support and enhance a primary residence (for example, accessory dwelling units and unattached garages) in the rules was important because the definitions of "principal residence" and "long-term rental" in SB 542 included them; and improvements that directly support are given more value than for non supporting or marginal improvements on the same parcel. Mass appraisal standards stress equity across property groups, which is achieved by using consistently applied models, not by giving every dollar of improvement cost the same value contribution.

COMMENT 6: As an extension of Comment 4, Mr. Gernant questions:

1) How long does the tenant need to occupy the dwelling? The statute implies that they just need to occupy the dwelling as their residence for some undefined period during the tax year. In other words, someone could have a binding lease for seven months, but occupy it as their residence for one week, one month, or five months. In which of those scenarios does it qualify?

2) What evidence is required: driver's license address, voter registration, utility bills, tax returns, or just a tenant's statement?

3) If someone leases month-to-month but also maintains another home, is the unit still used as a "residence" for that period?

4) Can a landlord simply declare that each month-to-month tenant is treating the unit as a residence?

Mr. Gernant believes these questions are unanswered in SB 542 and the rules and leave taxpayers and the department to fill in the gaps on a case-by-case basis.

Similar to Mr. Gernant, Mr. Bryson expressed his opinion that the rules incorrectly require residency and confuse that term with a newly inserted term, "occupancy." He provided additional commentary that the rules seem to imply residency rather than legal access to the property under the terms of a qualifying long-term lease. Mr. Bryson commented to NEW RULE 2(7), that neither the statute nor the proposed rules require the long-term rental to be "rented to tenants as a dwelling." Further, he states that a qualifying long-term rental is clear in both duration and applicability. The holder of the long-term lease has permission to occupy the structure, and because the long-term lease applies to class 4 residential it only applies to residential property. Mr. Bryson even suggested the department adopt the definition of "tenant" from the Montana Landlord-Tenant Act.

RESPONSE 6: In response to Item #1 from Mr. Gernant and to Mr. Bryson's first comment, the definition for long-term rental in section 5(2)(c) of SB 542 includes the phrase "occupied by tenants who use the dwelling as a residence." The plain language of this is easily understood. In determining occupancy, there are several factors that can determine whether a tenant has satisfied the "occupancy" of the dwelling as a residence. How much (or how little) time a tenant is residing in the dwelling as a residence is one of those factors. However, those can only be determined on a case-by-case basis due to the varying agreements and situations.

In response to Item #2, the property owner who enrolls their property for the rental rate attests to eligibility and provides the required income and expense data or substantiation requested by the department.

In response to Item #3, the relevant requirements for a qualifying long-term rental are that it is rented for periods of 28 days or more at least seven months per year. Whether that is a month-to-month, a fixed term, or alternatively, more than one lease that ends up meeting the 28 day/seven-month requirement for a year is not controlling. There is no prohibition against the tenant maintaining another home. However, there is a requirement that the tenant occupies the dwelling they are renting as a residence.

In response to Item #4, a property owner enrolling for the rental rate must demonstrate the dwelling was: (1) rented for periods of 28 days or more for at least seven months in each tax

year for which the rental rate is claimed; or (2) vacant for not more than five months to complete documented property repairs; and that is occupied by tenants who use the dwelling as a residence during the year in which the rental rate is claimed. If a property owner/landlord attests to the use of the property, as described above, and provides substantiation of the income required in section 7 of SB 542, the property will be granted the rental rate.

Mr. Bryson's comment that neither the statute, the proposed rules, nor the long-term rental application can require the long-term rental to be rented to tenants as a dwelling is incorrect. SB 542 requires tenants to occupy and use the dwelling that is rented as a residence. The term "dwelling" to describe the class 4 property that is subject to a long-term lease and "residence" as the intended use of that dwelling by a tenant. Although the law does not define specifically what "occupy" means, that use of "occupy" in the phrase "occupied by tenants who use the dwelling as a residence" is easily understood. The department proposed NEW RULE 2(7) as a necessary reporting requirement for the occurrences that terminate the reduced tax rate to a property, as provided in section 7(2)(d)(ii) of SB 542. The rule text is verbatim to the bill.

The department also declines Mr. Bryson's suggestion to adopt the definition of "tenant" from the Landlord-Tenant Act. That definition could, but may not always, apply to tenants who live in a dwelling that receives a rental rate.

COMMENT 7: Mr. Gernant provided examples with questions like: at what point, if any, does incidental commercial activity cause that shop to lose its residential classification and become commercial? How much commercial use (square footage, hours, or income) is tolerated before classification changes? Do personal storage and hobby use "support" the residence, while part-time income-earning activities do not?

RESPONSE 7: The department classifies each structure according to its predominant (primary) use, in accordance with International Association of Assessing Officers (IAAO) standards. A commercial property that is used for residential purposes (like personal storage or hobby use) will be classified as a residential structure. A structure that was used primarily for personal storage that also included a small office will be classified as a residential structure. The goal is uniformity and equity, ensuring similar properties are classified consistently based on the primary use of the property.

The department also believes it necessary to reiterate that mass appraisal methodology is used in property classification and valuation and the level of detail that Mr. Gernant suggests is not pursued for the purposes of approving applications and administering the reduced rates.

COMMENT 8: Mr. Gernant reiterated his comments in Comment 4 (SB 542 and the rules' over-reliance on self-reporting and self-interpretation) and provided examples of concern over owner-occupied homes with occasional room rental, unrealistic administrative burdens for tracking rental duration and residence status in multifamily properties, and whether property that is actively listed for long-term rental, but never actually rented, meets the long-term rental standard.

RESPONSE 8: The department directs Mr. Gernant to Responses 3 and 7 as its response to this Comment 8.

COMMENT 9: Mr. Gernant expressed his belief that duplexes, accessory dwelling units, and “guest spaces” lack clear standards for comparing them under SB 542 and the proposed rules. He notes it is not clear whether the rented side of the duplex is treated as a long-term rental, a primary residence, a second home, or something else when rented to friends or family members. Mr. Gernant also questions how the non-rented side of the duplex should be classified when it functions as occasional guest space for the owners, essentially mirroring an in-home guest room.

RESPONSE 9: The department generally directs Mr. Gernant to NEW RULE 3, which provides examples of how the tax rates apply to primary residences and multi-family dwellings. In response to the question about treatment of a guest space/non-rented side of a duplex, if the property does not qualify for the homestead rate or rental rate, it will be taxed at the rate of 1.9%.

COMMENT 10: Mr. Gernant states that basic due-process principles require that taxpayers be given fair notice of classification standards and that enforcement should not be left to unguided discretion. Mr. Gernant believes that two properties used in essentially the same way may be classified differently because the owners interpret “primary residence,” “long-term rental,” or “support” differently; and there are no clear, uniform criteria to apply.

Mr. Gernant contends this type of arbitrary classification already exists but is less impactful because the law does not distinguish between rental or owner-occupied residential property; and the introduction of this distinction will dramatically exacerbate a dormant issue. Introducing a distinction between a 0.76% and a 1.89% tax rate will make property disparity blatantly obvious. It is also unsupportable in the sense that it is not subject to consistently applied criteria across the state or even within Missoula County.

Mr. Rossi made similar comments and questions whether wealthy non-residents property owners are experiencing “taxation without representation.” And what happens if/when they stop coming to Montana?

RESPONSE 10: Generally, the department directs Mr. Gernant and Mr. Rossi to Response 4. The department responds that property is classified and taxed at the rates as provided in SB 542 based upon the plain language of the statute. Every property owner is afforded the same opportunity to enroll their property to receive the reduced rates based on the use of their specific property and the eligibility criteria outlined in SB 542. The legislature, through SB 542, determined that certain uses of property are taxed at different rates. The legislature provided an informal review process in SB 542, section 9, which indicates equity in treatment of property owners as aggrieved applicants and affords basic due process. Additionally, SB 542, section 24, provides a mechanism for a property owner to claim a refund if they otherwise qualified for a

reduced rate but did not enroll which affords the property owner with further due process and helps ensure equitable treatment.

COMMENT 11: Mr. Story stated his belief that it is difficult to comment adequately on proposed rules that reference statutory sections of law that are not yet available to the public and when the Montana Code Annotated is finally updated, the law sections referenced in the rule aligning with the Montana Code Annotated.

RESPONSE 11: The department appreciates the comments and responds that state agencies have struggled, historically, with referencing recent legislation for cross-referencing in rules because there is a bill number, a session law “chapter” number, and new bill sections which are codified, when applicable.

In the interest of expediency without the need to amend a rule after adoption, the department references new bill sections as they progress towards final codification: by bill number first, then session law, then the codified citation (when available). Since the department accesses the Legislative Service Division’s publicly available bill-to-statute (“Code Sections Affected”) tables, there is no reasonable concern with accuracy and no need to amend the rule to update a reference to the final statute.

COMMENT 12: Similar to Comment 11, Mr. Story commented that referencing the statute in the definition section of the rules may be expedient for the department, but doing so makes it difficult for the average citizen to know what any definition is without having access to the Montana Code Annotated and the particular section the rule refers to. Mr. Story believes if the department intends to use the statutory definitions, it would be simpler to just say all definitions in this rule are the same as the statutory definitions.

RESPONSE 12: To the greatest extent possible, the department prefers the legislature to provide necessary program definitions. Since rules are derived from the authorizing and implementing statutes, the public should look to statute first and administrative rule second. When the department proposes a definition, it weighs the need for clarifying a term or concept against unnecessarily repeating statute (see 2-4-305(2), MCA). If a statutory definition is substantively sufficient but lacks procedural application, or if phrasing from the bill is such that it requires the department to align it with current definitions or business practices, the department will adopt a definition and cross-reference the statutory definition. Such was the case with many of the definitions proposed in NEW RULE 1 and the justification for their adoption.

COMMENT 13: Mr. Story commented that NEW RULE 2 clarifies some of the ambiguities in the statute, but it again references new statute numbers so a user of the rule will need access to the Montana Code Annotated.

But of a more important concern for Mr. Story is the “catch all language” in (4) “any other information required by the department that is relevant to the applicant's eligibility.” Mr. Story

contends this language clarifies nothing for a property owner enrolling for the homestead rate or the long-term rental rate. It could allow for unequal treatment of applicants as varying degrees of information could be required of similarly situated applicants. While that language may be appropriate in statute, it is there to allow the department to specify what other information they will need to implement the statute. The rule should tell taxpayers what additional information the department will require.

RESPONSE 13: The department directs Mr. Story to Response 12, which the department believes is responsive to the first portion of this comment.

In response to the second portion of Mr. Story's comment, the department agrees in principle, but the law is new and a list of non-exhaustive examples of "relevant information" for the variety of class 4 property uses is not practicable. The department believes the most viable option under NEW RULE 2(4) to be a short-term, necessary reiteration of the statutory requirement that would be applied on a case-by-case basis for the more complex property use situations or to verify compliance with documentation requirements prior to the approval (or denial) of an application. But the department disagrees that this standard inherently fosters unequal treatment of applicants because the department can reevaluate documentation standards over time and propose rule amendments based on data-driven experiences.

COMMENT 14: Mr. Story commented that the temporary absence exceptions in NEW RULE 2(3) should also include seasonal absences due to people going to warmer climates for winter as long as they are not absent for over five months.

RESPONSE 14: The definition of "principal residence" in SB 542, section 5, provides that the owner can demonstrate that they owned and lived in the property for seven months in a year. If a person is absent from their principal residence for not more than five months because they are living in a warmer climate, their Montana property could still qualify for the homestead rate.

Beyond this, section 9(1)(b) of SB 542 provides that a property owner ". . . may request that the department consider extenuating circumstances to grant an application. Extenuating circumstances include but are not limited to extraordinary, unusual, or infrequent events that are material in nature and of a character different from the typical or customary, and that are not expected to recur."

Absences for seasonal travel to warmer climates are not an extenuating circumstance to delay submitting a reduced tax rate application. Notwithstanding, the department confirms that the list of examples in the rule is non-exhaustive (i.e., "such as. . .") and there may be an unlisted extenuating circumstance that could be considered for an application extension.

COMMENT 15: Mr. Story commented that NEW RULE 3 does a good job of describing various scenarios of property ownership and use. He suggests the department clarify how condominiums will be handled because, in many cases, the land is owned by the condominium

association and the units are owned by individuals. What criteria will the department use to qualify those units for either of the exemptions?

RESPONSE 15: Condominiums qualify for the reduced rates for a principal residence or long-term rental as any other property that meets all the eligibility requirements to receive the reduced rates.

Condominiums typically have a portion of the land value allocated to each individual unit based upon that unit's percent ownership of the common elements as stated in the condominium declaration. The portion of land value and the value of the improvements would receive the reduced rate the same as any other qualifying property.

The department will include additional information pertaining to condominium units within its FAQ documents which are posted on our website and publicly available.

COMMENT 16: Mr. Story commented that NEW RULE 4 explains very well how the department will calculate ETRs for 2026. But Mr. Story assumes for 2027 the numbers will change because the calculations are based on average median values and he questions what the department will do to address the changes in median value - update rules every two years in a new appraisal cycle?

RESPONSE 16: The department acknowledges that the examples of ETR calculations in NEW RULE 4 contain median values specific to the 2026 tax year. While the examples utilize 2025-2026 median values, the department believes that the examples still provide general clarity on how the ETR is calculated which would still be applicable in future years, provided the law remains unchanged. The department is also open to amending NEW RULE 4 each reappraisal cycle, as necessary, to update the median values in the calculation examples.

COMMENT 17: Mr. Rossi expressed his opinion that from a communication standpoint, it would be helpful if the department explained that the "tax rate" is really more of a conversion rate (used to convert appraised value to taxable value). He notes he has spent considerable time explaining to property-owning clients that their tax bills would not be increasing to 1.9% or 2.2% of appraised value.

RESPONSE 17: The department recognizes alternate terminology may be used instead of tax rate, such as a conversion rate or assessment ratio, that might provide different understanding of the subject matter. The department often makes conceptual differentiation and explanations when presenting to the public or stakeholders. However, the use of "effective tax rate" within the rules is consistent with the rate reference in statute to "tax rate."

COMMENT 18: Mr. Rossi made comments that refer to the calculation of taxes "... under the 2024 rules, the 2025 rules, the 2026 rules, and the 2026 non-resident rules" and he references "non-resident surcharge[s]" based on 2026 millage.

RESPONSE 18: The department appreciates that Mr. Rossi represents non-resident property owners who are affected by the change in tax policy, but there is no reference in the underlying legislation to non-resident property owners. The department declines to provide a response that is based on legislative policy and is outside the scope of the rulemaking.

COMMENT 19: Senator Dunwell provided extensive testimony at the December 1 public hearing, most of which is outside the scope of the rulemaking.

Senator Dunwell expressed her empathy for property owners experiencing significant increases in their property taxes and financial hardship based on increases in valuation of their property together with the increased tax rate on second homes. And like the comments summarized in Comment 1, Senator Dunwell requested that the department explore additional tax relief options and adopt a policy that would exempt longtime resident family-owned second properties (a/k/a “legacy properties”) from the 1.9% tax rate.

Senator Dunwell opined that the department should consider the legislative intent behind HB 231 and SB 542 which was that the legislature did not intend to penalize hardworking Montana taxpayers but to tax wealthier nonresident owners of second homes in Montana. Senator Dunwell believes the department has been granted requisite authority by the legislature to correct, in rule, the legislature’s policy based on a review of legislative intent.

RESPONSE 19: The department finds Senator Dunwell’s conclusions regarding legislative intent unpersuasive because the enacted version of SB 542 does not contain any statements of intent or legislative findings, except in reference to local government charters. The department must proceed under the plain language of the statute and the holdings articulated by the Montana Supreme Court that “[s]tatutory language must be reasonably and logically interpreted and words given their usual and ordinary meaning” and “[w]here the language is clear and unambiguous, the statute speaks for itself and we will not resort to other means of interpretation.” See *State v. Stanczak*, 2010 MT 106, ¶ 17; *In the Matter of R.L.S.*, 1999 MT 34, ¶ 8.

The department’s rulemaking authority granted by the legislature under SB 542, section 10, is “to adopt rules that are necessary to implement and administer [sections 5 through 10].” The department cannot promulgate rules that exceed the department’s rulemaking authority or are inconsistent with the law enacted (see 2-4-305, MCA).

COMMENT 20: The department was notified of a minor punctuation error in the proposed text for NEW RULE 3 (42.19.205(8)(c)(iii)) where the informational example describing Multifamily Dwelling Improvements Value contained a dash (-) and a colon (:).

RESPONSE 20: The department has corrected the punctuation for the rule upon adoption.

COMMENT 21: The department was notified of a minor error in the example at NEW RULE 4 (42.19.206(8)(c)) where the PTAP Taxable Value of 639 in the third line was not carried down to the PTAP Effective Tax Rate formula in the fourth line.

RESPONSE 21: The department has corrected the example for the rule upon adoption.

Contact

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Rule Reviewer

Todd Olson

Approval

Brendan Beatty, Director of Revenue



**MONTANA
ADMINISTRATIVE
REGISTER**



MONTANA STATE LIBRARY

NOTICE OF ADOPTION

MAR NOTICE NO. 2025-218.2

Summary

ARM 10.102.1160 pertaining to the Montana State Library certification program has been amended.

Previous Notice(s) and Hearing Information

On September 26, 2025, the Montana State Library (MSL) published MAR Notice No. 2025-218.1 pertaining to the public hearing on the proposed amendment of the above-stated rule in the 2025 Montana Administrative Register, Issue Number 18. A public hearing was held on November 3, 2025.

Final Rulemaking Action – Effective July 1, 2026

AMEND WITH CHANGES

The agency has amended the following rule with the following changes from the original proposal, stricken matter interlined, new matter underlined:

10.102.1160 PERSONNEL

- (1) Staff members are offered health insurance according to local policy.
- (2) Staff members are offered retirement benefits according to local policy.
- (3) The board adopts a sufficient budget for continuing education.
- (4) During 90% of open hours, paid staff are available to assist users.
- (5) Staff have the tools and training they need to perform their work.

- (6) The director is or will be certified by the Montana State Library within the required timeframe mandated by the certification program adopted by the Montana State Library Commission.
 - (a) The purpose of the certification program is to ensure library directors have the foundational skills necessary to manage a public library that meets standards set forth in ARM Title 10, chapter 102, subchapter 11, Public Library Development.
 - (b) A course of study ~~and topics offered by the State Library~~ will be reviewed by the commission annually for approval at its final meeting of the state fiscal year.
 - (c) Continuing education credits issued through the State Library certification program are the only eligible credits that can be applied to certification.
 - (d) The certification program will be reviewed on a regular schedule with no more than ten years between reviews.

Authorizing statute(s): 22-1-103, MCA

Implementing statute(s): 22-1-103, MCA

Statement of Reasons

The agency has considered the comments and testimony received. A summary of the comments received, and the agency's responses are as follows:

Comment 1: Several commenters expressed concern that requiring the commission to preapprove courses taken for credit would mean that librarians would miss out on valuable training that they learn about on short notice and may lose funding for training, if that training is not available for credit.

Response 1: The commission acknowledges the importance of meeting as often as necessary to consider courses not included in the available course catalog. The commission also noted that because a course is not in the catalog does not prohibit someone from taking the course; however, they will not earn credit.

Comment 2: Numerous commenters noted that the rule changes centralize control for continuing education with the commission and may eliminate local selection of continuing education providers and topics.

Response 2: Certification is one of the statutory duties of the commission. It is the commission's intent to provide more oversight over the certification program. MSL's continuing education and certification program will cover core library concepts. Enhanced training needs for local libraries will be addressed at the local library level.

Comment 3: Several commenters asked whether courses taken at training, including the Montana Library Association Conference, would be approved for credit.

Response 3: The commission stated that special considerations would be given to conferences. Conferences are very efficient ways to get continuing education credits and are beneficial to local government budgeting. The subcommittee will consider how the commission should review program content and conferences.

Comment 4: Several commenters questioned whether courses offered from external resources would be considered for credit. Examples include college courses, MSU Extension training, webinars from the Pacific Northwest Library Association, the Association of Rural and Small Libraries, vendor training from OCLC, training at events like the Montana Association of Counties Conference and from the Montana Municipal Insurance Association, LinkedIn Learning, training from other state libraries, and local training like CRP and active shooter training.

Response 4: As proposed, courses offered for continuing education credit will primarily be offered by MSL staff. However it is the commission's intent to allow courses from outside providers to be taken for credit as well after those courses have been approved by the commission. To clarify this point, the commission struck the language "and topics offered by the State Library" from (6)(b) in the adopted rule changes. The commission commented that providers like MSU Extension offer excellent training. MSL staff do not have the expertise or capacity to offer sufficient courses for certification. If a course needs to be offered by someone with expertise beyond that of MSL staff, staff will recommend courses to the commission. MSL will maintain a catalog of excellent classes. The commission welcomes suggestions from libraries for additional courses for the catalog.

Comment 5: One commenter requested a guiding policy, matrix or rubric that sets criteria for the approval of continuing education courses.

Response 5: The commission noted that the subcommittee is working to create a rubric that will be used to evaluate courses.

Comment 6: Several commenters noted the elimination of continuing education tracks for library trustees and staff. Commenters expressed concern that only offering a single track fails to recognize the diverse skills needed to lead, manage, and operate public libraries.

Response 6: According to Montana's public library standards, head librarians are required to be certified. The commission encourages trustees and staff to be certified. To clarify this point,

the commission may consider using the language “certification track” rather than “Director’s track” in the continuing education handbook.

Comment 7: Commenters noted that without a recertification track librarians have to repeat courses to earn credits for recertification which would be a waste of time and funding.

Response 7: Commissioners noted that there will be fewer approved courses in the beginning. Commissioners also noted that the new certification requirements require fewer hours of continuing education, and the course will be of higher quality. The course catalog needs to remain relevant and flexible for the future. For example, new courses may be added after each legislative session to educate librarians about legislative changes. Additionally, more innovative or elective courses will be left up to individual libraries to consider taking.

Comment 8: A couple of commenters expressed concern about a “one-sized-fits-all” approach to continuing education which may not address the unique needs of libraries that differ in size, resources, and patrons’ needs.

Response 8: Commissioners noted that the educational needs addressed in foundational courses offered by MSL do not change. Examples include courses on open meeting laws, complying with the Americans with Disabilities Act, budgeting, and building relationships with library trustees.

Comment 9: Currently college courses count towards certification. Recent graduates with a Master’s in Library Science are eligible for certification for four years. Under revised rules, a commenter raised the question, would college credits still count for credit. Another questioned whether graduates would submit their transcripts to the commission for review.

Response 9: The commission noted that this is a question that needs to be further considered by the subcommittee. The subcommittee should consider how much course work should be specific to Montana while not requiring librarians to repeat basic coursework like cataloging.

Comment 10: One commenter questioned whether those currently working towards certification under the current rules would be grandfathered in.

Response 10: The commission agreed that anyone who has started certification under the current model will be able to finish under the old system.

Comment 11: One commenter expressed concern about the lack of legal services available to local libraries.

Response 11: The comment regarding availability of legal services is beyond the scope of the proposed rulemaking.

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Rule Reviewer

Jennie Stapp, State Librarian

Approval

Robyn Scribner

Commission Chair

State Library Commission



MONTANA
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MONTANA STATE LIBRARY

NOTICE OF ADOPTION

MAR NOTICE NO. 2025-255.2

Summary

This rulemaking amended the public library standard pertaining to libraries' open hours requirements.

Previous Notice(s) and Hearing Information

On September 26, 2025, the Montana State Library published MAR Notice No. 2025-255.1 pertaining to the public hearing on the proposed amendment of the agency's rule in the 2025 Montana Administrative Register, Issue Number 18. A public hearing was held on November 3, 2025.

Final Rulemaking Action – Effective July 1, 2026

AMEND WITH CHANGES

The agency has amended the following rule with the following changes from the original proposal, stricken matter interlined, new matter underlined:

10.102.1159 SERVING THE COMMUNITY

- (1) The library is open during convenient hours. On average, the library is open the following number of hours weekly, as reported by the library in the annual public library survey:

<u>Service Area Population</u>	<u>Minimum</u>	<u>~~Desirable~~ Recommended</u>
Fewer than 3,500	10.5 hours	25-40 hours
3,501 – 9,999	21 hours	40-50 hours
10,000 – 24,999	28 hours	50-60 hours

More than 25,000	35 hours	60+ hours
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- (2) Everyone has safe, comfortable, and convenient access to the library and its services.
- (3) Everyone has access to updated and regularly maintained physical and digital library content and services.
- (4) Everyone can find library materials online.
- (5) Everyone has access to virtual and face-to-face programming.
- (6) Everyone has access to information about local community and government activities that assists them with understanding local community issues and allows them to engage civically in the community.
- (7) Children and caregivers have access to early literacy programming and materials either through the library or by being directed to another community organization that specializes in early literacy.
- (8) Everyone has access to information about library programs and services through internal and external marketing efforts of library staff.
- (9) Everyone has access to a library website or social media site.
- (10) Everyone can obtain materials and services from another library through interlibrary loan services.
- (11) Everyone has access to the Internet via wired and WIFI connections.
- (12) Reasonable accommodations are made so that people with disabilities have access to the library's services.

Authorizing statute(s): 22-1-103, MCA

Implementing statute(s): 22-1-103, MCA

Statement of Reasons

The agency has considered the comments and testimony received. A summary of the comments received, and the agency's responses are as follows:

Comment 1: One commenter supported the changes, noting that there is no point being open at times when people do not use libraries and the proposed changes support flexibility to help libraries adjust to community needs and staffing levels.

Response 1: The commission appreciates the support for the flexibility provided by the rule.

Comment 2: Several commenters expressed support for allowing the averaging of hours the library is open each week during the year in determining whether a library meets the weekly minimum open hours requirement. The commenters acknowledged that it makes sense to have shorter hours at certain times of the year.

Response 2: The commission appreciates the support for allowing the averaging of hours to determine if the minimum open hours requirement is met.

Comment 3: One commenter expressed concern that the use of the term “on average” was not clear enough in determining whether a library meets the minimum weekly standards.

Response 3: The commission notes that the reference in the proposed rule to “as reported by the library in the annual public library survey” provides adequate guidance for the averaging process. The survey provides instructions in calculating the average hours open.

Comment 4: Several commenters noted that libraries provide essential services and expressed concern that if minimum open hours are reduced, the communities they serve will have less access to these services.

Response 4: The commission agrees that libraries provide essential services. However, since 2013 there has been a documented decline in library visitations and an increased usage of ebooks and other online resources provided by libraries. The proposed rule does not mandate reduced hours but provides libraries the flexibility to adapt to patterns of usage and invest more in online services.

Comment 5: Several commenters expressed concerns that a reduction in the open hours may signal that libraries are not important and result in less support or funding for libraries.

Response 5: The proposed rule does not require or incentivize libraries to reduce hours, but gives them the flexibility to do so. This rule change is a freedom measure. The commission notes that 89% of Montana libraries already exceed the current standard and they are unlikely to reduce hours.

The commission considered the role of local governments to appropriate funds for local services, the financial relationship between library boards and local governments, and how this rule change would play a role in financial discussions. The commission notes that ultimately local governments have authority over local budgets and who is appointed to library boards. The commission notes the importance of good communication between library boards and local governments.

Comment 6: One commenter stated that the current open hours standard represents a compromise between the ideal number of open hours and fiscal and logistical constraints.

Response 6: The commission notes that, in some instances, reducing the number of open hours may save a small library.

Comment 7: Several commenters questioned the motivation for the rule change.

Response 7: The decline in visitation since approximately 2013 and a turn towards ebooks were considered by the commission in proposing the rule change. This change allows libraries the flexibility to invest more in online resources. The commission discussed whether the rule should include a required review period to evaluate the standard compared to data trends but decided against doing so.

Comment 8: One commenter expressed concern about the lack of legal services available to local libraries.

Response 8: The comment regarding availability of legal services is beyond the scope of the proposed rulemaking.

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Rule Reviewer

Jennie Stapp, State Librarian

Approval

Robyn Scribner

Commission Chair

State Library Commission